

SECRET

Possible Types of Programs  
for Providing Retirement Benefits

1. Self insurance, with the Agency establishing its own facilities for handling the detailed accounts of each individual involved and providing service to the annuitant (employee) or his survivor in accordance with the terms of the contract for an indeterminate period in the future, is one possibility. This has been eliminated from serious consideration, inasmuch as the costs of instituting and maintaining such a service by the Agency would be out of proportion to the benefits to be derived, and a previous study by independent consultants in connection with the Agency's insurance program indicated that it would not be advisable for the Agency to engage in self insurance.
2. Social Security coverage is required by law, or participation is possible if so desired, for most of our Agency sponsored activities. The present benefits under this program form a minimum type retirement program, since the contributions are based on a maximum salary of \$4,200 per annum and retirement benefits are scaled accordingly. The Social Security system has been accepted in the professional areas only as a sound base upon which additional retirement benefits may be erected.
3. Under present interpretation of law, it is not possible to extend the benefits of the Civil Service Retirement System to unwitting employees of Agency enterprises engaged by covert contract. Even if it were possible to qualify these individuals under the law, it would be necessary to make them witting for the purpose of requiring their participation in the program and describing the benefits to be received by them. On the theory that as few individuals as possible should be knowledgeable of an Agency activity, this approach must then be rejected on security grounds, inasmuch as literally hundreds of people now unwitting of Agency sponsorship would have to be advised of the true status of the organization for which they are employed.
4. It would be possible for programs developed by commercial underwriters to be established for the covert activities without serious security hazards. The programs developed by mutual and stock companies should be considered from the standpoint of the benefits furnished the employee in relation to the cost to the employee and to the Agency.

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